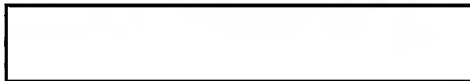


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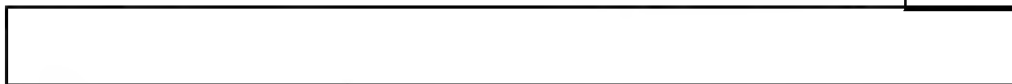


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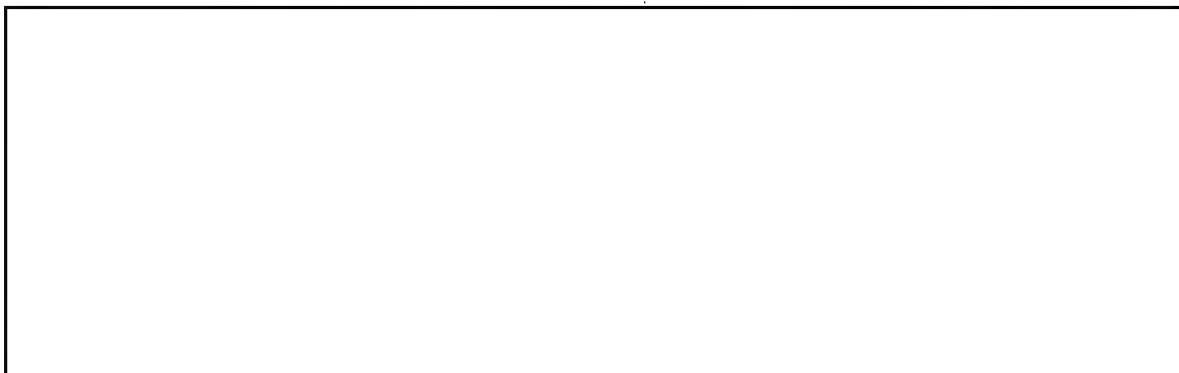
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State Department review completed

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SUMMARY

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1.

FAR EAST

2. Philippine Defense Secretary may recommend declaration of martial law:

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Defense Secretary Magsaysay,
may ask President Quirino to declare
martial law. Magsayay

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as "disturbed by efforts of House Speaker Perez to weaken the Philippine
Army and by congressional compliance with Perez' directives."

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Comment: Magsaysay, apparently sincerely, has denied any desire for dictatorial power. The imposition of martial law would enable him to move legally against corrupt individuals and political groups.

SOUTH ASIA

3. United Nations Representative suggests continuance of Kashmir negotiations:

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United Nations Representative Graham has informed the Indian and Pakistani Governments that he expects to submit his report on Kashmir to the Security Council on 15 April.

The report advocates that both parties continue the negotiations. It states that agreement on matters of demilitarization has reached a point where further discussions on the subject can be merged with those preparing the way for a plebiscite. Graham, therefore, recommends that the plebiscite administrator-designate, Admiral Nimitz, should participate in any future negotiations.

In conversation with the American delegation to the United Nations, Graham remarked that India's recent decision to withdraw a division of troops from Kashmir had brought the demilitarization problem to its final phase. He felt that by suggesting that Admiral Nimitz be brought in, he had found a device to keep negotiations going. He was not confident of eventual success, however, and he has no intention of raising an alternative solution such as partition at the present time.

Comment: Even if Graham's suggestions are accepted by both India and Pakistan, the problems likely to arise in preparing the way for a plebiscite are as knotty as those which have appeared in the past, and are equally uncertain of solution.

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NEAR EAST - AFRICA

4. Anglo-Egyptian negotiations near breaking point over Sudan issue:

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British Foreign Secretary Eden has instructed the Ambassador in Cairo to use all the force at his command to convince Egypt that Britain will not recognize Farouk as King of the Sudan without consulting the Sudanese, and that it is prepared to let the negotiations break down on this point. Egypt is also to be informed that each day of delay lessens its chances of influencing events in the Sudan.

The Ambassador is to stress to the Egyptian Prime Minister, and if necessary to the King, that Egypt need not now commit itself on the new constitution, but should join with Britain in immediately setting up an international commission to supervise Sudanese elections. Defense discussions could then proceed simultaneously.

Meanwhile, a joint declaration, generally acceptable to the British Foreign Office, has been worked out in Cairo between the British Ambassador and the Egyptian Foreign Minister. According to the American Ambassador in Cairo, the agreed text is premised on the suspension by the Governor General of the Sudan of his efforts to institute a new constitution.

The British Ambassador in Cairo expects that after he meets in London with the Governor General of the Sudan and Eden, the latter will visit Cairo and Khartoum.

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unless progress can be made it is only a matter of days until Prime Minister Hilali will break off discussions with the British.

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WESTERN EUROPE

5. Comment on prospects for all-German elections:

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[redacted] [redacted] The United States High Commissioner's office in Berlin sees new indications in the Berlin Soviet-licensed press that the USSR may propose a four-power commission to control all-German elections. Taegliche Rundschau, official Soviet organ, gave front-page coverage to a speech by Max Reimann, West German Communist, approving four-power control, and to two unofficial proposals from West German groups calling for the same thing.

These reports could also foreshadow Soviet support of any new East German proposals for supervised elections, or they might simply be part of the standard Soviet propaganda procedure of showing alleged Allied interference with West German desires for unification.

If a Soviet proposal should be made, the West German Government is not likely to be impressed by the idea of four-power supervision. This suggestion, which implies a Soviet veto power over election procedures, was rejected last fall by Bonn when it was offered by the East German Government.

LATIN AMERICA

6. Comment on Bolivian revolt:

The revolt of the Nationalist Revolutionary Movement against the Bolivian Government is being directed by Hernan Siles Suazo, Executive Director of the Movement, General Seleme, Minister of Government and commander of the police, and General Torres Ortiz, Commander in Chief of the Army.

The Movement, which has been agitating for revolt against the governing junta since the May 1951 elections, has been aided by a growing rift in the army and widespread dissatisfaction with the economic situation.

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General Torres, who has just returned from a tour of military units, apparently believes that he has sufficient support for a successful revolution. Until now, he has helped resist Movement efforts to oust the junta by force, because he favored the Movement's return to power through peaceful elections. Late last month a pro-US military group demanded that Torres be removed; this and the lack of elections may have prompted him to act at this time.

The Movement, which is strongly anti-US, has the support of the small Communist Party. Its program calls for a labor-type government, nationalization of the tin mines, and higher prices for tin. General Seleme, an opportunist, reportedly favors a Peron-type government, and Paz Estenssoro, the Movement's leader in exile in Argentina, reportedly was promised arms from Peron.

7. Strike of Chilean copper workers regarded as inevitable:

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 Manuel Ovalle, president of the Chilean Copper Workers Confederation, regards a copper strike at the Anaconda and Braden mines as inevitable.

According to him, the companies have made no counterproposal, and have indicated that they cannot grant any further pay increases unless the government grants them preferential exchange treatment.

President Gonzalez Videla has stated that the government will fulfill its agreement with the companies by sending the new copper exchange and tax reform bill to Congress; but he has also said that the companies could pay for the wage increase out of current profits. Ovalle believes that it will be absolutely impossible to secure approval of this legislation.

Comment: The strike, now scheduled for 25 April, would involve the three important American-operated mining properties which account for about 95 percent of Chilean copper production or approximately 360,000 metric tons a year.

The Chilean Government's policy on copper has been under attack by all elements of the opposition. The US Embassy commented last month that approval of the new legislation "appears to be a remote possibility in this highly volatile pre-election atmosphere."

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